NOTICE TO
STATE WATER PROJECT CONTRACTORS

NUMBER: 00-13

DATE: JUN 0 9 2000

SUBJECT:
Past Billing Adjustments
(Retroactive Cost Adjustments)
Past Cost Adjustments

FROM: _____
Deputy Director, Department of Water Resources

As part of developing a Cost Allocation and Repayment Analysis system that will be compatible with the new business systems based on SAP, all the administrative CARA cost allocation processes were reviewed for opportunities to simplify procedures and still achieve the objectives of the process.

Historic data prior to July 1, 1999, created on the outgoing computer systems, will be retained and carried forward in summarized form but will not be an active part of the SAP business systems.

Past Billing Adjustments (Retroactive Cost Adjustments)

Past Billing Adjustments, sometimes referred to as Retroactive Cost Adjustments, are actual modifications to the cost information in the Controlling Module of SAP through "Con-Bill Add" procedures. These changes are to correct expenditure data from estimates to actual as well as to correct errors and to place cost and credit information in the correct year for billing purposes.

The Department's standard practice will be to accomplish these adjustments within the immediate 5-years after the end of the calendar year of actual history. Adjustments beyond 5-years would be treated on a case-by-case basis.

Past Cost Adjustments

Past Cost Adjustments are changes made to the past payment obligations of the contractors shown in the "B-Tables" of Bulletin 132 and in the "Calculated Components" shown in the Attachment 4 of the annual Statements of Charges.

These changes are cost modifications such as reallocation of costs among contractors, reallocation of costs among Project Purposes, changes in the Project Interest Rate, and Replacement Accounting System PAYGO expenditures.

No time constraints would be placed on these changes.

If you have any questions, you may contact Jess Cason of the Department's State Water Project Analysis Office at (916) 653-4284.